

---

## PROPOSED LEGISLATION

---

A RECOMMENDATION OF THE JOINT SELECT COMMITTEE ON  
ECONOMIC DEVELOPMENT INCENTIVES TO THE 2009  
REGULAR SESSION OF THE 2009 GENERAL ASSEMBLY

**AN ACT TO REALLOCATE NORTH CAROLINA'S ECONOMIC INCENTIVES PORTFOLIO TO MAKE IT MORE EFFECTIVE, TARGETED, AND MEASURABLE BY ELIMINATING INEFFECTIVE TAX CREDITS, REDUCING THE CORPORATE INCOME TAX RATE, TARGETING DISTRESSED AREAS AND STRATEGIC INDUSTRIES, AND PROVIDING ONGOING LEGISLATIVE ASSESSMENT OF THE STATE'S ECONOMIC INCENTIVES PORTFOLIO.**

---

**SHORT TITLE:** *Make Better Use of Economic Incentives.*

---

**BRIEF OVERVIEW:** The proposal would do the following:

- Repeal Article 3J tax credits.
- Utilize the savings from repealing Article 3J tax credits to phase down the corporate income tax rate to a revenue neutral rate of 6.6%. The rate would be reduced from 6.9% to 6.8% for taxable year 2011; to 6.7% for taxable year 2012; and to 6.6% for taxable years after 2012.
- Identify the economic development goals of the State as:
  - Increasing development in an industry identified by Commerce as being strategically important to the State.
  - Increasing location of businesses in economically disadvantaged areas of the State.
- Reauthorize and modify the Job Development Investment Grant Program by:
  - Expanding the number of annual projects from 25 to 30, with the additional five projects targeted to economically disadvantaged areas.
  - Increasing the annual ceiling from \$15 million to \$25 million.
  - Extending the sunset from 2010 to 2016.
  - Incorporating an appropriate wage standard and waiving the standard for projects located in an economically disadvantaged area.
  - Incorporating a 'first-source' hiring principle.
- Provide periodic review of economic development incentives by broadening the scope of the Revenue Laws Study Committee to incorporate the study of economic development incentives and the continual performance assessment of economic development incentives and the entities that implement the incentives.